

Market Release

31 August 2022

2022 Annual Meeting Addresses

The attached addresses will be given at Serko's Annual Meeting which is to commence at 2.00pm today (31 August 2022) and is being held online at <http://www.virtualmeeting.co.nz/sko22>

Chair's Address – Claudia Batten

The first six months of this year have seen a dramatic increase in business travel. Alongside this recovery, we are also seeing an evolution.

We continue to predict that overall volumes will return to pre-pandemic levels over time. But business travel does not and will not look or feel the same. People will travel for work at different frequencies, for different reasons and for different lengths of time than before.

And importantly, in this recovery we see new opportunities for how technology and Serko can continue to shape the future of business travel.

Progress against our FY25 goals

In this context, our strategic priorities remain the right ones.

We are building Serko to be a global force - connecting business travelers everywhere with the content, information and services they need at every stage of their journey.

Our proven record in Australasia, our partnership with Booking.com and our emerging presence in North America underpin our global ambitions. We are well advanced in building a business with the right settings to support this.

In unmanaged travel our aim is to establish significant market share working with Booking.com. We are very pleased with the progress under this partnership and Darrin will provide more detail on this.

The heart of our success in managed travel are our strong relationships with travel management companies, many of which are long standing. In Australia and New Zealand, we are focused on extending our market leadership, working closely with our TMC partners. And in North America,



we have laid solid groundwork and we are confident about the traction we have and the sizeable opportunity that exists.

Investing for the opportunity

Our focus remains firmly on execution and building a globally competitive business.

We continue to make planned investments and pursue opportunities to build a global, scaled business, underpinned by appropriate risk management and cost discipline.

Our FY22 revenue improved on FY21 while continuing to reflect the impact of the pandemic and investments made ahead of recovery and investments in the Booking.com partnership.

Serko remains well funded. For the four months to the end of July, average cash burn is within our expected range at \$3.6 million¹ as we continue to invest in our technology. At the end of July, cash and cash equivalents were \$110.1 million.

We are aware that additional metrics would be helpful for shareholders to better understand our progress. This needs to be balanced with the reality that many of our markets are new and in an uneven recovery cycle. Accordingly, we will provide additional metrics as soon as practicable.

Disruption is at the heart of our philosophy

Disruption and change are both challenges to the business and a natural part of growing a global business. They are also fuel for innovation and opportunity.

Serko was launched in 2007, immediately prior to the global financial crisis. We emerged stronger from the GFC and we now have our heads down, building for the future alongside our partners.

The core challenges we are responding to – alongside many other businesses - are attracting and retaining the people we need, salary inflation and changing demands in the travel market. The team at Serko has anticipated these trends and is executing on plans to respond to them.

Serko has an M&A strategy in place and we will continue to assess opportunities that would enable us to accelerate our strategy. We have previously updated the market on a specific acquisition under consideration. This process has not materially progressed and is not a current focus for Serko.

¹ Cash burn for 6 months to 31 March 2022 included the impact of non-recurring payments from customers as reported at FY22 results. These additional receipts did not reverse in Q1 FY22 but are expected to reverse in Q2 FY22.

Building sustainable long-term business growth

Serko believes technology can play an important role in reducing the impact of travel on the environment. We've identified a number of product opportunities arising from climate change and in 2021 we launched Mission Zero in our Zeno booking platform. This allows customers to actively reduce the environmental impact of their travel activity taking into account the seat class and aircraft type, making it easy to identify and select more sustainable booking choices. It also allows customers to offset certain carbon emissions when booking travel.

We are preparing for climate change reporting and have compiled our first carbon emissions inventory, which is being externally assurance reviewed. In addition, we are preparing to meet upcoming mandatory climate-change reporting standards.

We also believe in the power of supporting the communities in which we live and operate. We actively provide opportunities for our people to support and volunteer in their communities. As well as supporting our communities, these efforts are a core part of our strategy to attract and retain talent.

Strengthening governance to support global growth

A vital part of scaling our operations is ensuring we have the right governance structures in place.

Jan Dawson commenced as a new director at the end of last year's ASM and a search for a further independent director is continuing.

We have refreshed the responsibilities of all independent directors, who have each rotated into a new role within the past 12 months. This has delivered fresh perspectives across all aspects of governance while retaining critical knowledge within the Board. Clyde McConaghy moved from Chair of the Audit & Risk Committee to the Chair of the People, Remuneration & Culture Committee. Jan Dawson is the new Chair of the Audit & Risk Committee. Both Clyde and Jan bring valuable and relevant expertise to these important governance roles. I greatly appreciate the commitment and energy they both bring to the business.

The Board is also introducing a Technology Committee this calendar year. This advisory committee will draw on global expertise to support our growth and scale objectives. It will build on our existing capabilities and oversee strategic decisions and investments. I'm excited about the value the committee will add at this stage of Serko's growth.

(Chairperson's address continues following CEO address below)

CEO's Address – Darrin Grafton

Our executive team

I'm delighted to have members of the executive team here today.

What's in it for me?

As Claudia noted, we are now in a business travel evolution and the reimagining of how we will travel both now and into the future. Across the globe people are trying to figure out how to make travel work for them while adjusting to supply challenges as the industry comes back from COVID. Month to month the recovery globally is neither predictable nor linear, but it is heading in a positive direction.

People who are travelling for leisure are taking into account their personal health and safety, the impact of potential disruptions during travel if they fall sick or travel providers cancel bookings, as well as the cost of travel and insurance coverage.

People who travel for work are also taking these factors into account but are also asking themselves: "What's in it for me?". This is leading to new approaches to business travel, which in some cases is extending travel or adding room nights to incorporate some leisure aspect to their business trip.

We call this Bleisure, where business and leisure are blended together in a single trip. Emerging trends like these started before COVID but are becoming more obvious as we return to travel.

There have also been people employed that have never met their manager or their team face to face. Remote working also provides an opportunity for new forms of business travel to occur, where employees meet up or visit a head office for an extended period to meet their teams and managers and immerse into the company culture.

We are confident that business travel will return to pre-pandemic levels over time, however, we believe a different baseline for how the travel industry measures and thinks about those volumes will emerge.

Having just returned from the GBTA Convention, the world's largest business travel convention, the energy in the global travel industry has never been more exciting. GBTA brought together 4,500 delegates and more than 1,000 buyers in San Diego, reconnecting, reimagining and



recreating the future of business travel. I'll share more on this when I cover the North American market.

FY22 results

The 2022 financial year was another year affected by the impacts of COVID and lockdowns. Revenue grew by 44% to \$17.9 million but this was partially offset by government grant revenue being down 77% to \$1.0 million.

Revenue growth was driven by a partial business travel recovery in Australasia over the previous financial year, a strong contribution from Booking.com for Business and a modest increase in revenue from North American markets. These gains were diluted by the lockdown and travel restrictions in New Zealand throughout the third and fourth quarters of the financial year.

EBITDAF losses increased 26% to \$28.1 million from \$22.3 million in the same period a year ago. This increase reflects planned investment in operating expenses as we scale up for global growth. Net losses after tax increased 22% to \$36 million from \$29.4 million.

Progress against our FY25 goals

The two areas of our strategic priorities I will focus on today are:

- Progress on Booking.com for Business including conversion, and
- North America.

Booking.com for Business progress

We have a strong partnership with Booking.com and our teams work incredibly closely together. Since May as the restrictions on travel have further eased, we have met three times face to face, which has been fantastic.

The path to where we are today with Booking.com started off differently before COVID.

Our intention in 2019 was to roll out country by country, building out the content and user experience for each market as we went.

In July 2020, four months into the pandemic, Booking.com and Serko decided to take on a large-scale global migration program for customers in a select group of the previous Booking.com for Business customer base.



From March to October 2021 we migrated over 300,000 companies registered on Booking.com for Business and to date in total there are now almost 500,000 companies registered on the platform.

We now have two priorities. Our first is to grow revenue by focusing on customer conversion. Our second, as conversion grows, is to use marketing investment to increase the number of registered companies.

Booking.com for Business conversion

From April to June of this year, we worked closely with Booking.com to run experiment-led development and user experience tests to improve customer conversion.

As part of this, we carried out testing to determine whether a user's experience at the 'hotel-only' shop phase led to increased conversion if it was more aligned to the Booking.com experience and understand how they also handled the leisure aspects of purchasing.

This testing was completed in July and delivered significantly increased conversion.

For the remainder of the year we are therefore focusing our Booking.com for Business development teams on building a hotel shop experience for Booking.com for Business customers to better reflect the aspects of the Booking.com user experience. We will then use this new experience to iterate more and more business features over the coming years.

While the development work is occurring, a transitional solution is using elements of the Booking.com environment for most Booking.com for Business customers when they make a hotel-only booking. Connected trip bookings and a portion of Booking.com for Business customers continue to use the full original Zeno experience.

The successful experimentation and testing process, implementation of a transitional solution and commencement of development work has taken place in a rapid timeframe, reflecting the strong and agile partnership in place between the Booking.com and Serko teams. I thank these teams for their commitment and focus in carrying out this important work.

The focus on experimentation and the insights that this can give us when deciding where we put our capital will be a foundation of how we maximize the growth of the Booking.com for Business platform. This approach enables us to follow the success Booking.com have had in leisure business and gives us more certainty around the impacts of our investment and the returns we can expect from these developments.

We will report Booking.com for Business measurements as part of our half and full-year reporting.

Managed travel (Australasian transactions)

In the context of the pandemic, the Australia and New Zealand business has performed exceptionally well. Not only have we retained the majority of our customers through the pandemic, we have also grown market share. Since the start of this financial year, our travel management partners have collectively won key large market accounts in the Australian market off our competitors through selling Zeno.

In Australasia, we've seen total bookings using Serko technology rise from 78% of 2019 levels in March to 101% in June. Note however that June 2022 had two more business days than 2019 and on a per business day basis June was just over 90% of 2019.

Australasian volumes to the end of July reflected the recovery underway as companies set new budgets and travel plans.

As indicated in our full year we have released new features including sustainability choices for travel and improved Duty of Care.

We are pleased with the recovery in our home markets and the new customer wins that our partners are making. We attribute this success to our investment during the last two years of COVID, which is a reflection of our strategy and support from the market.

We remain focused on increasing our market share and average revenue per booking as the return to travel continues.

Managed Travel: Driving into North America

North America has been top of mind the last few weeks as I spent time at the GBTA Convention. While GBTA is a global event there is a heavy focus on North America and many of our partners were out in force and more enthusiastic than ever.

The functionality and usability of our Zeno platform versus competitors were highlights of the feedback we received. I was also delighted with our growing brand recognition and comments on the strength of our implementation and delivery. During the GBTA Convention, Kim Hamer, the travel manager for Visa, was named 2022 Travel Manager of the Year by Business Travel News, and her choice of Serko was specifically cited in her recognition.

This is the second time in the past four years that a Serko customer has won the award at GBTA in the United States. It shows that our investment into Zeno can make a difference in one of the largest travel markets in the world.



Our strategy in North America is built around three pillars: Mega travel management companies, mid-market travel management companies and direct to corporate.

Overall, we have laid strong foundations in North America and we are now in the grow and scale phase.

In May we announced we were appointed a global preferred partner for CWT, one of the mega travel management companies. This is a critical cornerstone for North America and gives us tremendous access to the market. We also announced that Visa had selected Zeno as its corporate booking tool and is live via CWT and transacting across North and South America and the Asia Pacific region.

North America is a large market that takes time to develop and we have been impacted for over two years by the constraints on travel due to COVID. We are now benefiting from the investment we made during this time in our brand and product development work. However, we want to highlight that it will take time for us to gain material revenue as we scale up to meet demand and our partners onboard customers through the return to travel.

We remain confident in our pipeline of opportunities in a sizeable market and expect to close further partnerships and large customers during the financial year.

People

Firstly, to Serko's employees - thank you. Thank you for your ongoing commitment, hard work and results. The world continues to surprise us but you continue to be focused and dedicated and a pleasure to work with.

In the past few months there has been a slight improvement in the availability of technology skills, however the employment market remains challenging. Our time to hire has improved following our decision to insource recruitment for a greater number of roles. We are also focused on internal advancement opportunities to increase retention as well as enhancing our graduate recruitment and internship programmes. Beyond competitive salaries, we also continuously review the total benefits we offer as well as the employee experience, including onboarding and engagement events such as our hackathon.

While the market remains challenging, I am confident that the emphasis we placed on attraction and retention during the pandemic, including an always-on approach to talent attraction and recruitment, has meant we have not been at a standing start at a time when we are focused on investing for growth.

Thank you

To my management team, thank you for constantly going over and above, it is greatly valued by myself and the Board. To all of the directors, and a particular thanks to Claudia, thank you for your guidance and for your support during another significant year for Serko.

To our partners, clients and end consumers, thank you for trusting us with your travel. We love what we do, and we love helping you travel to be together.

And finally to our shareholders. Your commitment is really appreciated. We are working tirelessly to deliver on our goals and have every intention of exceeding your expectations. And most importantly thank you for your questions and your feedback.

It really is great to see so many of you in person – and to those online and in the broader Serko family. Thank you.

Chairperson's Address (contd)

In conclusion, we remain confident in the direction of business travel and Serko's role in the recovery and beyond.

As signalled we are increasing our rate of investment into our products and markets to support future growth. We are able to do so due to our confidence in the opportunities in front of us and our strong cash position. We remain committed both to prudent cash management and investment for growth.

We reaffirm the guidance provided in May and expect revenue for the year to 31 March 2023 to approximately double from the prior year. Our guidance remains subject to ongoing risks including geo-political uncertainty, the potential resurgence of COVID and other matters.

Thank you to my fellow directors. Thank you to Darrin and his management team and the broader Serko family. The commitment by the team to execution is substantial. I also thank you, our shareholders, for your continued support. To echo Darrin we greatly appreciate your support during a volatile period for the travel industry and for the technology market. We are laser focused on what we can control, which is our execution.

Thank you again for being here today.

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